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KWG GROUP HOLDINGS LIMITED

合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

- (1) GRANT OF AWARDED SHARES PURSUANT TO THE SHARE AWARD SCHEME;**
- (2) PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE;**
- (3) CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE; AND**
- (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

On 8 April 2019, the Board resolved to grant a total of 2,059,500 Awarded Shares to 27 Grantees pursuant to the Scheme Rules, in order to recognize the contributions of the Grantees and retain them for the continual operation and development of the Group. Of the 2,059,500 Awarded Shares, (i) 1,137,000 Awarded Shares are granted to 18 Non-connected Grantees, all being employees of the Group who are not connected persons of the Company; and (ii) 922,500 Awarded Shares are granted to nine Connected Grantees, two of which are executive Directors and seven of which are directors of certain subsidiaries of the Company, and they are therefore connected persons of the Company.

The Board further resolved that, (i) 1,137,000 Awarded Shares granted to the Non-connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the General Mandate; and (ii) 922,500 Awarded Shares granted to the Connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the Specific Mandate.

The aggregate of 2,059,500 new Awarded Shares to be allotted and issued by the Company to the Grantees represent (i) approximately 0.06% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 0.06% of the total number of Shares in issue as enlarged by the allotment and issue of the new Awarded Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the allotment date of the new Awarded Shares, other than the allotment and issue of the new Awarded Shares).

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of Connected Awarded Shares described herein.

LISTING RULES IMPLICATIONS

As the Connected Grantees are Directors and directors of certain subsidiaries of the Company, the Connected Grantees are connected persons of the Company. Therefore, the allotment and issue of the Connected Awarded Shares to the Connected Grantees under the Share Award Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at a general meeting of the Company.

The Company will put forward, among other things, ordinary resolutions to approve the allotment and issue of the Connected Awarded Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated therein at the AGM to be convened by the Company for the Independent Shareholders' consideration and approval.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the allotment and issue of the Connected Awarded Shares to the Connected Grantees.

A circular containing, among others, further details of the allotment and issue of the Connected Awarded Shares and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of Connected Awarded Shares to Connected Grantees, and the notice convening the AGM will be despatched to the Shareholders in accordance with the requirements of the Listing Rules. As additional time is required by the Company for the preparation of certain information for inclusion in the circular, the circular is expected to be despatched by the Company to the Shareholders on or before 7 May 2019.

GRANT OF AWARDED SHARES PURSUANT TO THE SHARE AWARD SCHEME

Reference is made to the announcements of the Company dated 19 January 2018, 21 September 2018 and 18 October 2018 in relation to the adoption of the Share Award Scheme and the grant of the Previous Awarded Shares pursuant to the Share Award Scheme. The Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company.

On 8 April 2019, the Board resolved to grant 2,059,500 Awarded Shares to 27 Grantees pursuant to the Scheme Rules, in order to recognize the contributions of the Grantees and retain them for the continual operation and development of the Group. Of the 2,059,500 Awarded Shares, (i) 1,137,000 Awarded Shares are granted to 18 Non-connected Grantees, all being employees of the Group who are not connected persons of the Company; and (ii) 922,500 Awarded Shares are granted to nine Connected Grantees, two of which are executive Directors and seven of which are directors of certain subsidiaries of the Company, and they are therefore connected persons of the Company.

PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE; AND CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

The Board further resolved that, (i) 1,137,000 Awarded Shares granted to the Non-connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the General Mandate; and (ii) 922,500 Awarded Shares granted to the Connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the Specific Mandate. The aggregate of 2,059,500 Awarded Shares to be allotted and issued by the Company to the Grantees represent (i) approximately 0.06% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 0.06% of the total number of Shares in issue as enlarged by the allotment and issue of the Awarded Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the allotment date of the new Awarded Shares, other than the allotment and issue of the Awarded Shares).

The Awarded Shares will be allotted and issued to the Grantees with details as follows:

Name of the Grantees	Number of Awarded Shares
Non-connected Grantees	
18 Grantees who are not connected with the Company or connected persons of the Company	1,137,000
Connected Grantees	
Mr. Tsui Kam Tim	148,500
Mr. Cai Fengjia	138,000
7 directors of certain subsidiaries of the Company	
— Mr. Chen Guangchuan	96,000
— Mr. Chen Wende	87,000
— Ms. Huang Yanping	96,000
— Mr. Jin Yanlong	96,000
— Ms. Mai Lihua	87,000
— Mr. Ou Jian	87,000
— Mr. Tang Wen	<u>87,000</u>
Total Connected Awarded Shares	<u>922,500</u>
Total Awarded Shares	<u><u>2,059,500</u></u>

Pursuant to the Scheme Rules, the Awarded Shares shall be granted to the Grantees for nil consideration. The Awarded Shares shall be allotted and issued to the Trustee at nominal value of HK\$0.1 each. Based on the closing price of HK\$9.3 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of 1,137,000 Awarded Shares allotted and issued to the Non-connected Grantees, and the 922,500 Awarded Shares allotted and issued to the Connected Grantees are HK\$10,574,100 and HK\$8,579,250, respectively. The aggregate nominal value of the new Awarded Shares is HK\$205,950. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of this announcement as quoted on the Stock Exchange is approximately HK\$9.44 per Share.

Vesting dates

The new Awarded Shares shall be vested in three tranches in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 8 April 2020; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 8 April 2021; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 8 April 2022, or an earlier date as approved by the Board. The vesting of the Awarded Shares is subject to the conditions as set out in the Share Award Scheme and the fulfillment of such conditions as specified by the Board.

Ranking of the Awarded Shares

The new Awarded Shares, when issued and fully paid, shall rank *pari passu* among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the allotment date.

Conditions precedent

The allotment and issue of 1,137,000 new Awarded Shares to the Non-connected Grantees shall be subject to the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in such Awarded Shares.

The allotment and issue of the Connected Awarded Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at the AGM in respect of the allotment and issue of the Connected Awarded Shares, the Specific Mandate and the transactions contemplated therein; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Connected Awarded Shares.

General Mandate

Pursuant to the General Mandate, the Company is authorised to allot and issue up to 631,031,011 Shares, representing 20% of the total number of the issued Shares as at the date of the 2018 AGM. As at the date of this announcement, the General Mandate has been utilised to issue 1,831,500 new Shares to satisfy part of the Previous Awarded Shares, of which 610,500 Shares have been issued. Accordingly, the maximum number of new Shares which may be issued by the Company under the General Mandate is 629,199,511 Shares, representing approximately 19.83% of the total number of the issued Shares as at the date of the 2018 AGM.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 2,059,500 new Awarded Shares.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

REASONS FOR THE AWARD OF THE AWARDED SHARES

The Group is a large-scale PRC property developer with a leadership position in Guangzhou and an established presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai, Nanning, Hangzhou, Hainan, Hefei, Foshan, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Nanjing, Shenzhen, Changshu, Lishui, Chongqing, Taicang, Wuxi and Hong Kong.

The Share Award Scheme forms part of the incentive schemes of the Group. The Board considers that the award of the Awarded Shares to the Grantees recognises and motivates the contributions by certain Eligible Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group. Furthermore, there will not be any actual cash outflow by the Group under the award of the Awarded Shares to provide incentives to the Grantees. In this regard, the Directors consider that the terms and conditions of the allotment and issue of new Awarded Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Upon allotment and issue of the new Awarded Shares, the Trustee will hold the new Shares on trust for the Grantees and such new Awarded Shares shall be transferred to the Grantees at no consideration on the vesting dates. As such, no fund will be raised by the Company as a result of the allotment and issue of the Awarded Shares.

LISTING RULES IMPLICATIONS

As the Connected Grantees are Directors and directors of certain subsidiaries of the Company, the Connected Grantees are connected persons of the Company. Therefore, the allotment and issue of Connected Awarded Shares to the Connected Grantees under the Share Award Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at a general meeting of the Company.

The Company will put forward, among other things, ordinary resolutions to approve the allotment and issue of the Connected Awarded Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated therein at the AGM to be convened by the Company for the Independent Shareholders' consideration and approval.

To the best of the knowledge, information and belief of the Directors, save for the Connected Grantees and their respective associates who are in aggregate holding 726,000 Shares as at the date of this announcement, no other Shareholder is required to abstain

from voting on the resolution(s) to approve the allotment and issue of Connected Awarded Shares to the Connected Grantees and the transactions contemplated thereunder at the AGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the allotment and issue of the Connected Awarded Shares to the Connected Grantees.

A circular containing, among others, further details of the allotment and issue of the Connected Awarded Shares and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of the Connected Awarded Shares to the Connected Grantees, and the notice convening the AGM will be despatched to the Shareholders in accordance with the requirements of the Listing Rules. As additional time is required by the Company for the preparation of certain information for inclusion in the circular, the circular is expected to be despatched by the Company to the Shareholders on or before 7 May 2019.

Each of Mr. Tsui Kam Tim and Mr. Cai Fengjia has abstained from approving the relevant Board resolution on the allotment and issue of the Connected Awarded Shares to them under the Share Award Scheme.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of Connected Awarded Shares described herein.

DEFINITIONS

“AGM”	the 2019 annual general meeting of the Company to be convened for the purpose of, among other things, considering and, if thought fit, approving the allotment and issue of the Awarded Shares, the Specific Mandate and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Awarded Shares”	the 2,059,500 Shares granted by the Company to the Grantees pursuant to the Scheme Rules on the date of this announcement
“Board”	the board of directors of the Company

“Company”	KWG Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Connected Awarded Shares”	922,500 Awarded Shares granted by the Company to the Connected Grantees
“Connected Grantees”	the Grantees who are connected with the Company or connected persons of the Company
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant”	any Employee and non-executive director of the Company and/or any member of the Group (excluding any Excluded Participants) who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group
“Employee”	any employee (whether full time or part time, including without limitation any executive director) of the Company and/or any member of the Group
“Excluded Participant”	any Employee and non-executive director of any member of the Group who has tendered his/her resignation or who has been given a notice of dismissal by the Company and/or the relevant member of the Group
“General Mandate”	the general mandate granted by the Shareholders to the Directors to allot, issue and otherwise deal with new Shares at the 2018 AGM
“Grantees”	the selected participants awarded the Awarded Shares under the Share Award Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the allotment and issue of the Connected Awarded Shares to the Connected Grantees, the Specific Mandate and transactions contemplated thereunder
“Independent Shareholders”	independent Shareholders other than the Connected Grantees and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-connected Grantees”	the Grantees who are not connected with the Company or connected persons of the Company
“PRC”	the People’s Republic of China
“Previous Awarded Shares”	the Shares granted by the Company to the selected participants under the Share Award Scheme on 19 January 2018 and 18 October 2018, details relating to which are set out in the announcements of the Company dated 19 January 2018, 21 September 2018 and 18 October 2018
“Scheme Rules”	the rules governing the Share Award Scheme adopted by the Board
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Award Scheme”	the Share Award Scheme adopted by the Board on 19 January 2018 whereby awards of Shares may be made to Eligible Participants under the Share Award Scheme (such Shares being subscribed or purchased by the Trustee)
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the AGM to grant the authority to the Board for the allotment and issue of the Connected Awarded Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trustee”	the trustee for the time being of the Share Award Scheme, being Computershare Hong Kong Trustees Limited (which is independent and not connected with the Company and connected persons of the Company)
“2018 AGM”	the annual general meeting of the Company held on 8 June 2018
“%”	per cent.

By order of the Board
KWG Group Holdings Limited
Kong Jianmin
Chairman

Hong Kong, 8 April 2019

As at the date of this announcement, the Board comprises eight Directors, of which Mr. Kong Jianmin (Chairman), Mr. Kong Jiantao, Mr. Kong Jiannan, Mr. Tsui Kam Tim and Mr. Cai Fengjia are executive Directors; and Mr. Lee Ka Sze, Carmelo JP, Mr. Tam Chun Fai and Mr. Li Binhai are independent non-executive Directors.